ciation, made up of a representative from each member bank, the securities must be approved by the Secretary of the Treasury. The banks belonging to an association and all their assets were made " jointly and severally liable to the United States for the redemption " of the circulation thus issued to their member banks, and to enforce this liability the government was given a first lien upon the securities deposited and upon all the assets of these banks. The securities deposited were to remain in the custody of the currency association, " in trust for the United States."

That these issues of notes should have a purely emergency •character was sought by the provisions regarding taxation. Issues under the law were to be taxed at the rate of five per •cent, per annum, but as the redemption fund deposited in Washington was required to be ten per cent., the issue of notes could not afford a profit unless loaned considerably above the rate of five and a half per cent. Moreover, the rate of five per cent, was increased after the notes had been in circulation one month by an additional one per cent, a month, until after six months the rate was ten per cent. Banks wishing to escape the tax could deposit lawful money in the Treasury, as under the old law, for the amount of notes to be retired, thereby effecting the same amount of contraction as by the direct retirement of the notes. The provision of the law of 1890, that money paid into the Treasury for the retirement of notes should be covered into the general cash, was modified in respect to deposits for retiring the new currency, in order to make this provision for contraction effective. The banks were released by law from holding reserves against deposits of United States funds, but were required in future to pay interest at the rate of not less than one per cent, upon such deposits.

The new law was not only limited in operation to six years from June 30, 1908, but contained a provision for the appointment of a National Monetary Commission to report " what changes are necessary or desirable in the monetary system of the United States/' The original Vreeland bill had adopted substantially the provisions of the bill of Mr.